

VZCZCXRO1779
RR RUEHCD RUEHGD RUEHHO RUEHNG RUEHNL RUEHRD RUEHRS RUEHTM
DE RUEHMC #0110/01 0761525
ZNR UUUUU ZZH
R 171525Z MAR 09
FM AMCONSUL MONTERREY
TO RUEHC/SECSTATE WASHDC 3585
INFO RUEHME/AMEMBASSY MEXICO 4640
RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEHMC/AMCONSUL MONTERREY 9154

UNCLAS SECTION 01 OF 04 MONTERREY 000110

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [PGOV](#) [ECON](#) [KCRM](#) [KCOR](#) [MX](#)
SUBJECT: PAN AND PRI RESORT TO OLD TACTICS IN NUEVO LEON GOVERNOR'S
RACE

REF: A) 08 MONTERREY 559 B) MONTERREY 079

MONTERREY 00000110 001.2 OF 004

Summary

¶1. (U) Summary. Despite earlier promises to hold primaries, the Nuevo Leon PAN and PRI parties both chose their candidates by direct designation, reflecting the parties' desire to control the process. The PAN selected Fernando Elizondo Barragan to be their candidate for governor and the PRI chose Rodrigo Medina de la Cruz, both of whom are considered centralist, mainstream candidates. Both parties continue to view the state elections as a barometer for the 2012 federal elections and the national party leaders played an important role in choosing the candidates. The election reform laws already favor the large, established parties but the PAN and PRI are still working hard to exploit the reforms. The PRD has a negligible presence in Nuevo Leon. Some longtime Panistas think that the PAN party has abandoned its beliefs by imitating the PRI in designating a candidate and by courting the party of the teachers union for a coalition. End Summary.

The PAN Party

¶2. (SBU) After a month of deliberations, the national PAN leadership chose to overrule the state PAN's decision to allow a vote of state party members to choose a candidate (See reftel A). Instead, national leaders handpicked ('dedazo') Fernando Elizondo to be the party's candidate for governor on February 3. The decision appears to be a way to avoid a possible embarrassment if Adalberto Madero, the current mayor of Monterrey, or Fernando Larrazabal, a state congressman, were to win. Madero and Larrazabal have both been plagued by corruption allegations lodged by the business community and the local media but both remain very popular with the working classes in urban areas. Publicly, local and national PAN leaders have said the dedazo was important to bring unity to the party. PAN leaders from President Calderon on down have come out to support Elizondo, calling him the right man for the job. According to a high ranking PAN party member, Francisco Lozano, there is still a lot of discord within the party. Many believe that Elizondo is an excellent candidate but are unhappy with the selection process. Another leading candidate, San Pedro Mayor Fernando Margain, a good friend and "compadre" of President Calderon, was particularly upset with the decision. He reportedly has been offered an ambassadorship, at the Vatican, or by some accounts, in Paris. Madero was initially very public with his displeasure with the direct designation but in recent weeks has not made any

public remarks on the subject. The PAN has agreed to back two of Madero's allies to be federal congressional deputies, Guillermo Blanco - his ex-driver and now his chief of staff, and Cynthia Yanez - his current executive assistant.

PAN Candidate Fernando Elizondo

13. (SBU) Elizondo has a long history of government service, falls into the conservative camp, and feels the United States is an important ally. Prior to his election as a federal senator, Elizondo also served as state treasurer, interim governor of Nuevo Leon in 2003, and federal energy secretary for President Vicente Fox. Elizondo comes from a prominent Nuevo Leon family and has strong ties to the business community, especially with heavyweight Group of Ten companies such as Alfa, Cemex and Hylsa. Elizondo's father was a popular governor of Nuevo Leon from 1967-1971. Based upon our discussions with him, Elizondo came across as a pragmatic leader well versed in the issues. The infighting in the PAN party and Elizondo's age (60) will continue to be problems in his election bid.

The PRI Party

14. (SBU) On the same day as the PAN announcement, the PRI party also decided to designate a candidate, Nuevo Leon Secretary General Rodrigo Medina. The party had originally decided to hold an open primary to allow the people of Nuevo Leon to choose the PRI candidate. The state PRI committee announced that having a unity candidate instead of a competitive primary would

MONTERREY 00000110 002.2 OF 004

better serve the party. The PRI committee had the blessing of the federal party leaders and leaders of the major trade unions --CTM, CROC, CNOP, and the CNC. Before the announcement, Abel Guerra, Nuevo Leon's State Public Works Chief and a former congressman, was the leading candidate. However, Guerra did not have the support of the current PRI governor of Nuevo Leon, Jose Natividad Gonzalez Paras, and this may have been the crucial element in deciding the candidate. Guerra won the consolation prize with his designation as PRI's candidate for mayor of Monterrey and he has publicly announced his support of Medina. In contrast to the PAN, years of ingrained party discipline has helped to keep PRI party members from attacking one another in public. Behind the scenes, two camps appear to have formed in the state party; one backed by the Governor Jose Natividad Gonzalez Paras and the other backed by Guerra. The internal battle produced mixed results: the governor chose his protege Medina as PRI candidate for Governor, but Guerra won the PRI nod as candidate for Mayor of Monterrey and he was able to name an ally as the new president for the influential state PRI party.

PRI Candidate Rodrigo Medina

15. (SBU) Rodrigo Medina is currently on leave as the Secretary General for Nuevo Leon and previously served as a federal congressman. Medina, 36, is viewed as an inexperienced, unknown candidate compared to Elizondo, but voters may welcome a young, energetic personality in the governor's house. Gonzalez Paras invited Medina to join his cabinet in 2007 when Medina was a federal congressman, and immediately began grooming him as his successor. Because of his youth, Monterrey's leading daily, "El Norte" at times refers to Medina as the "Golden Boy," although some cynically observe that this ostensibly derogatory reference is actually a ruse designed to heighten his public

profile. To increase his exposure, the governor has often asked Medina to represent him before key PRI constituencies such as labor unions. While not illegal, Medina's filling in for the governor circumvented election rules against using one's government office to promote a candidate. Without the dedazo, Medina would have had a difficult time winning the party's nomination because he was well behind Guerra in the polls and the short 59 day pre-campaign season would not have given him enough time to convince voters. Medina is expected to continue many of Governor Gonzalez Paras' programs. Like his PAN opponent, Medina's platform centers on improving security and the economy.

Polling numbers show a Close Race

16. (U) Medina and Elizondo are tied according to recent polls by El Norte but Medina has the momentum in his favor. Medina suffered from name recognition early on but now that campaigning has started, he has gained legitimacy as the PRI candidate. With the headline-grabbing drug violence taking place in northern Mexico, both candidates have received a lot of attention as they have condemned the crime, corruption and impunity in the state. Voters continued to be concerned with the escalating drug violence and the effects of the economic crisis.

The Clubby World of Nuevo Leon Politics

17. (SBU) Elizondo and Medina are both centrist, mainstream candidates and both have ties to the influential Monterrey law firm Santos Elizondo. Elizondo and Medina's mentor, Governor Gonzalez Paras, were both partners in the law firm. The governor's brother is still a partner at the firm, and we also understand that PRI candidate Medina's father is a lawyer with the firm. Therefore, if either PAN or PRI win, the law firm will retain its political influence.

PRI is Better at Building Small Party Coalitions

18. (SBU) In the run up to the primary deadline on March 15,
MONTERREY 00000110 003.2 OF 004

the ten registered political parties in Nuevo Leon scrambled to agree on coalitions. By forming alliances with either the PAN or PRI, smaller parties are guaranteed survival by continuing to receive state recognition. (In addition, they would likely be allowed to name candidates for a few city council positions, a mayor of a town, or even a state legislator.) Under the new election laws, parties that do not win at least 1.5% of the popular vote in the state legislative elections are eliminated as official parties, forfeiting state campaign funds and needing to gain thousands of signatures to reregister as parties. Therefore, even if they do not agree on political principles, there are powerful reasons for weak parties to seek the shelter of a coalition.

19. (SBU) For the PAN and PRI, coalitions can maximize their media advertising and spending caps even though their partners might not be able to deliver votes directly. Some of the newer political parties would struggle to muster even 1% of votes cast. Under the new election law, the number of TV and radio spots (paid for by the state) is based on a formula - the first

30% are allocated to the ten registered political parties equally and the rest are allocated based on the percentage of votes won in the 2006 legislative elections. TV and radio spots are regulated so no party is allowed to purchase air time beyond that allotted by the state electoral commission. The spending limits (which are 38% financed by the state) work similarly. The formulas overcompensate smaller parties and because of the close governor's race, shortened election cycle, and low spending limits, every advantage counts.

¶10. (SBU) The PRI agreed on a statewide coalition with the Partido del Trabajo, Verde Ecologista, Cruzada Ciudadana and the Partido Demócrata to form a left center coalition. The PAN also vigorously tried to recruit some of these second tier parties, but was unsuccessful. The PRI is more centrally controlled and it was able to move quickly to form coalitions, whereas PAN infighting made it more difficult. The most interesting development occurred with the largest of the second tier parties, Nueva Alianza (PANAL), the party created by the teachers' union SNTE. The PANAL party is seen as a potential kingmaker because the SNTE union is the largest labor union in Mexico, and the teachers can serve as election foot soldiers to promote their preferred candidate. PANAL independently won 6% of the vote for the state legislature in 2006. Ostensibly It rejected a coalition with the PAN because the two could not agree on a platform -- and a few days later announced a coalition with the PRI party in the local media. However, as recounted to poloff by a source at the event, the night the PANAL and PRI party leadership were about to sign the paperwork, the state PANAL representative received a call from Elba Esther Gordillo, the leader of the SNTE, who told the state PANAL party to call off the coalition. While it is unknown why Gordillo broke off the coalition, one logical possibility is that she did not want to anger President Calderon, a PAN member. In the press, PRI and PANAL leadership cited disagreements over which positions would be offered to the PANAL as the reason for the breakup.

Irregularities

¶11. (SBU) There is widespread use of public resources by both parties even though this is strictly forbidden under the new election laws. For example, the State Government run by a PRI governor is spending heavily to promote its large public work projects and has proposed populist projects that may never take place. Also, there are reports by local newspapers that different city workers from several municipalities are campaigning for their respective PAN or PRI candidates. Additionally outlawed under the election rules are political advertisements on public property but this law is violated frequently. Some local mayors have taken to painting bus stops and utility polls PAN or PRI colors. The state electoral commission has not stepped in to stop any of the infractions of the election laws.

¶12. (SBU) The issue of the media and campaigning is continuing to be a problem. While campaigns cannot purchase additional TV or radio spots, there are allegations that the political parties are paying reporters under the table for interviews and press coverage to circumvent the rules. Paying reporters for political coverage is not new in Mexico, but it was hoped that

MONTERREY 00000110 004.2 OF 004

new auditing rules of campaign funds would prevent this.

¶13. (SBU) Violence and drug trafficking organizations are having an effect on the elections too. Nuevo Leon PAN President Juan Carlos Ruiz publicly claimed that the party had trouble

recruiting candidates in rural areas due to security concerns. National PAN President German Martinez contradicted Ruiz the next day, claiming that the PAN had no trouble recruiting candidates. In any case, the PAN party is not running candidates in 7 of the 51 municipalities in the state, while in the 2006 elections the PAN failed to run a candidate in only one municipality. Governor Gonzalez Paras has offered to provide protection to candidates but the PAN rejected the offer saying that the state has the responsibility to protect all of its citizens and it does not want the special attention.

Comments

¶14. (SBU) Comment. The state's election reform laws approved in 2008 were widely welcomed in Nuevo Leon, but the restrictions on campaign funds and short times for campaigning favor the two major parties and well known candidates. The visible abuses of the election laws and the announcements by the two main political parties to scrap party primaries have made voters more skeptical of clean elections. There is also the potential that drug trafficking organizations could disrupt the elections. There has not been any evidence so far of drug money entering campaigns but the PAN not running candidates in certain municipalities makes it clear that drug trafficking organizations are still intimidating candidates. The narco-funded protests in Monterrey and other cities in the border region last month also demonstrated the control the drug trafficking organizations have in poorer segments of the society (see reftel B).

¶15. (SBU) Comment continued. Some longtime PAN party members, such as PAN Mayor Margain and the previous PAN governor, Fernando Canales, lament that the PAN party has abandoned its principles by copying old PRI tactics to win elections. These PANistas were dismayed that the PAN has resorted to the dedazo, the old PRI way to designate candidates, rather than hold a public and transparent primary. Moreover, many longtime PAN members were disgusted that the local PAN party sought a coalition with the PANAL teacher's union party, since they see the teachers union as emblematic of PRI backroom deals and decry the teacher union's role in blocking needed reforms to improve Mexican public schools. End Comment.
WILLIAMSON